2007-05289/

Government of Canada Securities

A Publication of the Department of Finance

July 2005

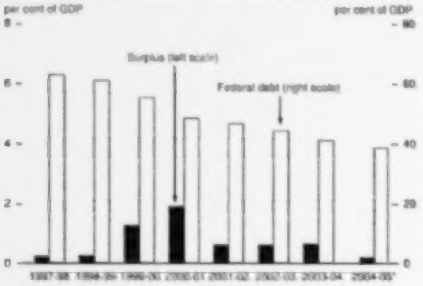
Canadian Economy

Selected Canadian economic statistics

	2004				2005
	Q1	Q2	Q3	Q4	Q1
Annualized growth rates			(per cent)		
Real gross domestic product	2.7	3.9	2.9	2.1	2.3
Final domestic demand	5.2	2.4	3.5	4.3	5.8
Employment growth	1.1	2.0	1.3	1.7	0.6
Other					
Unemployment rate	7.4	7.2	7.1	7.1	6.8
Current account balance (percentage of GDP)	2.6	3.4	2.6	1.9	1.2

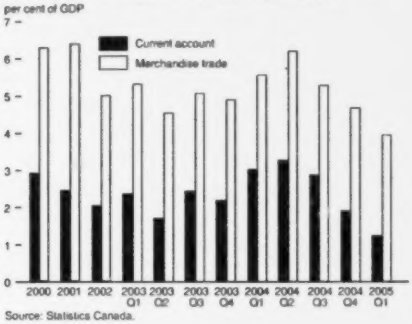
Source: Statistics Canada.

Government of Canada debt (accumulated deficit) and budgetary balance



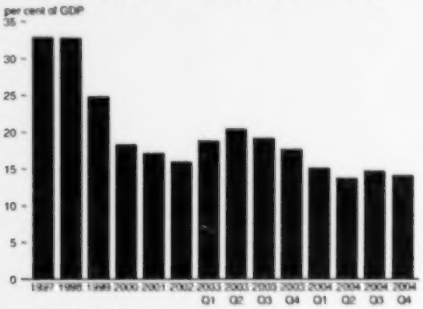
* Estimate (*The Budget Plan, 2005*).
Source: Department of Finance.

Canada's current account balance and merchandise trade balance



Source: Statistics Canada.

Canada's net international liabilities



Source: Statistics Canada.

Upcoming economic data releases of interest

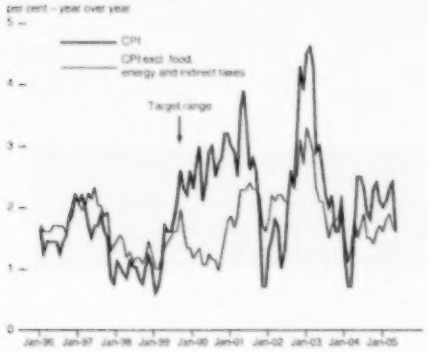
July	August	September
June Labour Force Survey (July 8)	July Labour Force Survey (August 5)	August Labour Force Survey (September 9)
June CPI (July 22)	July CPI (August 26)	August CPI (September 22)
May GDP (July 29)	June GDP (August 31)	July GDP (September 30)
	National Economic and Financial Accounts April-June 2005 (August 31)	

Canada

Government of Canada Securities

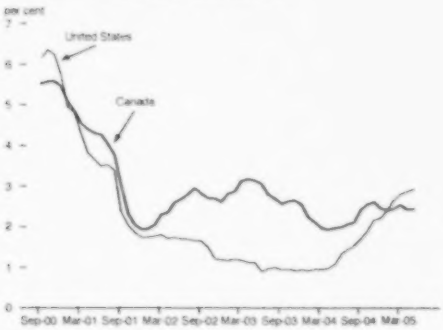
Canadian Economy

Consumer Price Index


per cent – year over year
CPI
CPI excl. food, energy and indirect taxes
Target range
Jan-96 Jan-97 Jan-98 Jan-99 Jan-00 Jan-01 Jan-02 Jan-03 Jan-04 Jan-05

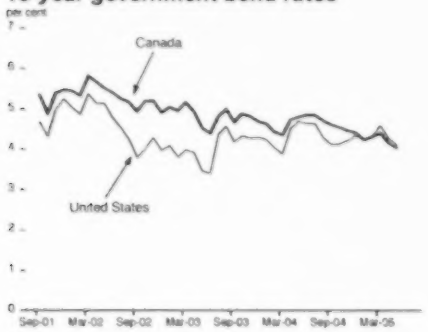
Source: Statistics Canada

3-month treasury bill rates



Sources: Bank of Canada and Federal Reserve

10-year government bond rates



Sources: Bank of Canada and Federal Reserve

Exchange rate

Source: Bank of Canada

Overnight money market rate

Source: Bank of Canada

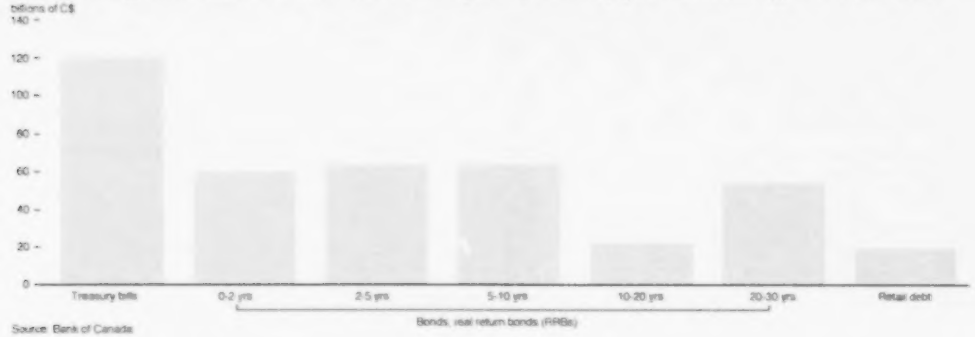
Canadian monetary aggregates

Source: Bank of Canada

Government of Canada Securities

Primary Market

Outstanding Government of Canada treasury bills, bonds (by term maturity) and retail debt



Source: Bank of Canada

Recent Government of Canada bond auction results

Auction date	Term	Maturity date	Coupon rate	Issue amount	Average price	Average yield	Auction coverage*	Tail**
	(years)		(%)	(millions of dollars)		(%)		(basis points)
June 8, 2005	2	December 1, 2007	2.75	3,400	99.692	2.880	2.208	0.5
June 1, 2005	30	December 1, 2036	3***	400	126.799	1.870	2.547	n.a.
May 18, 2005	5	September 1, 2010	4	2,000	101.862	3.608	2.52	0.4
May 4, 2005	10	June 1, 2016	4.5	2,100	102.200	4.229	2.427	0.3

* Coverage is defined as the ratio of total bids at auction to the amount auctioned.

** Tail is defined as the high accepted yield minus the average yield.

*** Real return bond.

Source: Bank of Canada.

Government of Canada bond auctions

Type of issue	Auction date (2005)	Further details of issue (2005)	Dated and delivered (2005)	Amount maturing*
				(millions of dollars)
30-year	July 6	June 29	July 11	0
10-year	August 10	August 4	August 15	0
5-year	August 24	August 18	August 29	0
Real return bond	August 31	August 25	September 6	0
2-year	September 14	September 8	September 16	0

In addition, this quarter seven operations are planned under the Government of Canada bond repurchase program. Four repurchase operations are being held in conjunction with each nominal bond auction, and three switch repurchase operations are taking place: one on July 13 in the 5-year sector, one on July 27 in the 2-year sector and one on September 21 in the 10-year sector. Further details are released on the Thursday prior to these operations. The target amount for repurchase this quarter is $2.9 billion.

*Maturity of $8.8 billion on September 1, 2005.

Source: Bank of Canada.

Government of Canada Securities

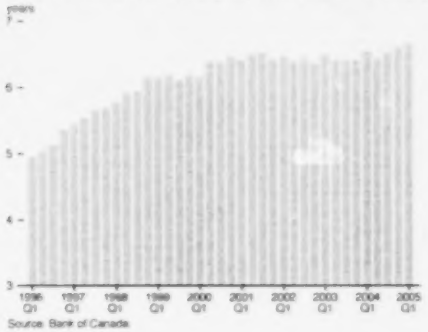
Primary Market

Government of Canada bond market benchmarks

Term	Maturity	Coupon	Amount outstanding	Yield (June 21, 2005)
		(%)	(millions of dollars)	(%)
Fixed-coupon				
2-year	June 1, 2007	3.00	5,600	2.88
5-year	Sept. 1, 2009	4.25	10,100	3.25
10-year	June 1, 2014	5.00	10,867	3.85
30-year	June 1, 2033	5.75	13,410	4.32
Real return				
30-year	Dec. 1, 2026	4.25	5,250	1.79

Source: Department of Finance.

Average term to maturity of Government of Canada marketable debt



Source: Bank of Canada.

Upcoming Government of Canada marketable bond maturities

July-September 2005	October-December 2005	January-March 2006	April-June 2006
	(millions of dollars)		
8,403	9,233	267	7,538

Outstanding Government of Canada foreign currency debt

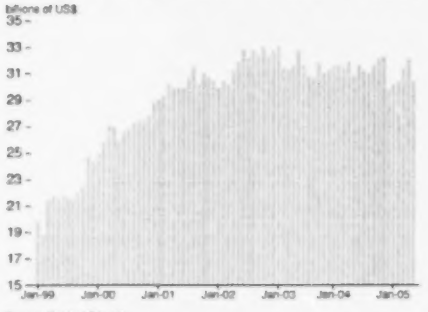
	(C$ millions)*
Canada bills	2,444
Canada notes	1,138
Outstanding under EMTN program	1,616
6¾% US$ bonds maturing July 21, 2005	1,854
6¼% US$ bonds maturing August 28, 2006	1,236
6¾% NZ$ bonds maturing October 3, 2007	358
4¾% EUR bonds maturing July 7, 2008**	3,331
5¼% US$ bonds maturing November 5, 2008	3,090

* At par value, adjusted for exchange rates as of June 20, 2005.

**Original issue of Deutsche Marks was redenominated into euros on February 19, 1999.

Source: Bank of Canada.

Canada's level of liquid foreign reserves

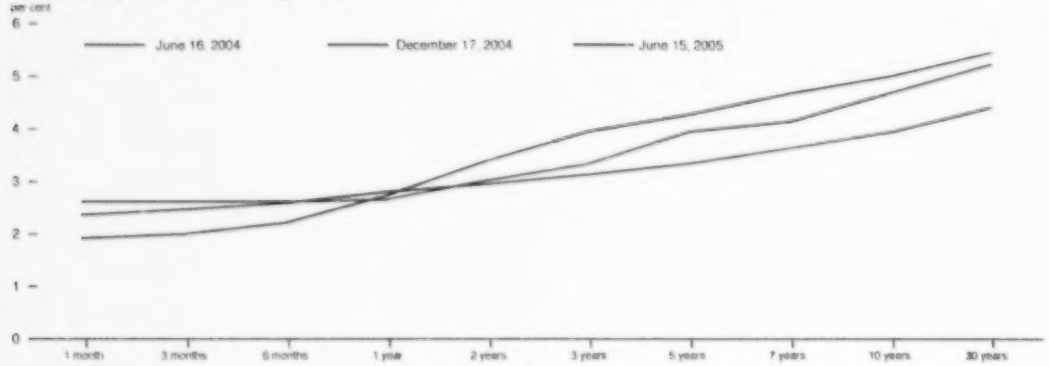


Source: Bank of Canada.

Government of Canada Securities

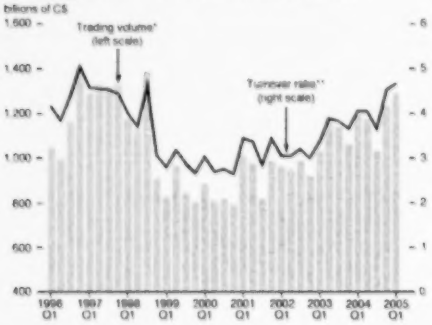
Secondary Market

Canadian yield-to-maturity curve



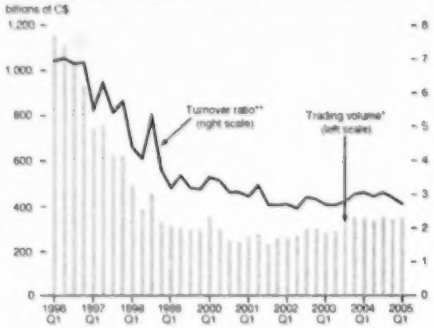
Source: Bank of Canada

Government of Canada bonds trading volume and turnover ratio



*Trading volume is total trading volume in each quarter.
**Turnover ratio = total trading volume in each quarter/stock.
Source: Bank of Canada.

Government of Canada treasury bills trading volume and turnover ratio



*Trading volume is total trading volume in each quarter.
**Turnover ratio = total trading volume in each quarter/stock.
Source: Bank of Canada.

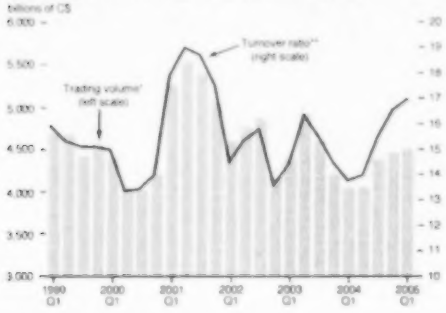
Government securities distributors

- Bank of Montreal (treasury bills only)
- Beacon Securities Limited
- BMO Nesbitt Burns Inc. (marketable bonds only)
- Canaccord Capital Corp.
- Canadian Imperial Bank of Commerce (treasury bills only)
- Casgrain & Company Limited
- CIBC World Markets Inc. (marketable bonds only)
- CTI Capital Inc.
- Desjardins Securities
- Deutsche Bank Securities Limited
- Golden Capital Securities Limited
- HSBC Bank Canada
- Laurentian Bank Securities Inc.
- Merrill Lynch Canada Inc.
- J.P. Morgan Securities Canada Inc.
- National Bank Financial Inc.
- Ocean Securities Inc.
- Odlum Brown Limited
- RBC Dominion Securities Inc.
- Scotia Capital Inc.
- Société Générale Valeurs Mobilières Inc.
- The Toronto-Dominion Bank

Government of Canada Securities

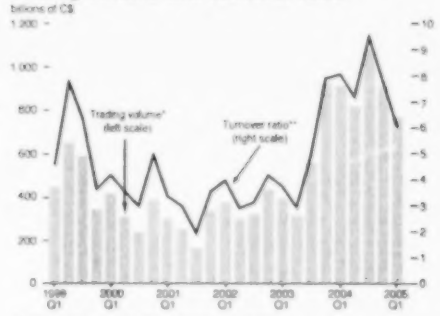
Secondary Market

Government of Canada bond repos trading volume and turnover ratio



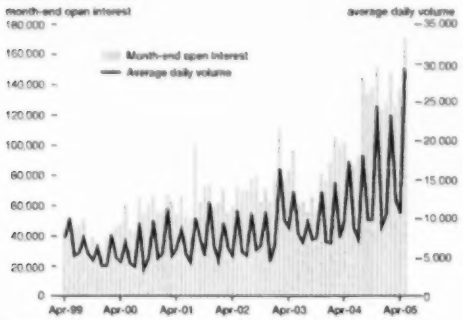
*Trading volume is total trading volume in each quarter.
**Turnover ratio = total trading volume in each quarter/stock.
Source: Bank of Canada.

Government of Canada treasury bill repos trading volume and turnover ratio



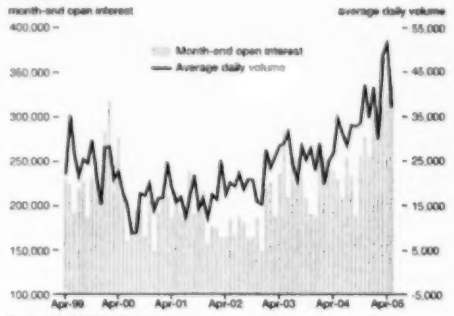
*Trading volume is total trading volume in each quarter.
**Turnover ratio = total trading volume in each quarter/stock.
Source: Bank of Canada.

10-year Government of Canada bond futures



Source: The Montreal Exchange.

3-month bankers acceptance futures



Source: The Montreal Exchange.

Government of Canada long-term credit ratings

	Standard & Poor's Current	Moody's Investors Service Current	Dominion Bond Rating Service Current
Domestic debt – Trend	**AAA** Stable	**Aaa** Stable	**AAA** Stable
Foreign debt – Trend	**AAA** Stable	**Aaa** Stable	**AAA** Stable

This publication is also available on the Internet at www.fin.gc.ca.
Except as noted, the information in *Government of Canada Securities* is based upon data available as of June 21, 2005.
For further information, contact Tom Lau at (613) 992-9108.
For additional copies or subscription inquiries, please contact the Distribution Centre at (613) 995-2855.

Ce document est également disponible en français.

Department of Finance Canada
Ministère des Finances Canada